

Message Text

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SUBJ: ALBERTA APPRAISES ITS CHANCES ON EVE OF ENERGY CONFERENCE

1. PREMIER LOUGHEED'S PRE-ENERGY CONFERENCE MEETING WITH PRIM
MINISTER TRUDEAU LAST WEEK APPARENTLY FAILED TO CONVINCE THE
ALBERTA LEADER THAT THE CONFERENCE, SCHEDULED TO COMMENCE IN
OTTAWA ON TUESDAY, JANUARY 22, WILL BE A SUCCESS. LOUGHEED REPORTEDLY
HAS TOLD HIS FOLLOWERS THAT THE PRE-CONFERENCE MEETING PRODUCED
"NO AGREEMENT ON SUBSTATIVE MATTERS" AND, APPARENTLY THE IMPASSE
ON SUCH MAJOR ISSUES AS OIL PRICES, TAXES , AND OWNERSHIP CONTINUES.

2. LOUGHEED CONTINUES TO REGARD THE FEDERAL GOVERNMENT'S TAX LEVY
ON CRUDE OIL SHIPMENTS TO THE UNITED STATES AS "THE MOST DISCRIMI-
NATORY ACTION EVER TAKEN BY OTTAWA AGAINST A PROVINCE" SINCE ALBERTA
ACCOUNTS FOR 85 PERCENT OF CANADA'S OIL PRODUCTION. OTTAWA'S
POSITION, EQUALLY FIRM, IS THAT ITS CONSTITUTIONAL AUTHORITY OVER
NATIONAL AND INTERNATIONAL COMMERCE TAKES PRECEDENCE OVER PROVINCIAL
OWNERSHIP. FROM THE LEGAL POINT OF VIEW, THIS COULD BE THE MOST
IMPORTANT ISSUE TO COME UP AT THE TWO-DAY CONFERENCE.

3. THE FEDRERAL GOVERNMENT'S PROPOSALS TO SHARE THE REVENUE GAINED
FROM THE OIL EXPORT CHARGE, AND TO USE SUCH FUNDS TO SUBSIDIZE
EASTERN CANADIAN OIL PURCHASES ALSO HAVE BEEN UNFAVORABLY RECEIVED
IN ALBERTA, WITH LOUGHEED FINDING NO REASON FOR SHARING INCOME
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FROM THE SALE OF ALBERTA OIL WITH OTHER CANADIANS. BACK OF THIS

POSITION IS THE FEAR THAT, IF OTTAWA WINS, THE FEDERAL AUTHORITY WOULD HAVE A LEGAL BASIS FOR TAKING FROM ANY PROVINCE THE MAJOR BENEFITS OF ITS KEY RESOURCES.

4. THE "ALBERTA CAUSE" IS NOT, NECESSARILY, A "WESTERN CAUSE" SASKATCHEWAN, THE NUMBER TWO OIL PROVINCE, IS AS ANGRY WITH OTTAWA AS IS ALBERTA, BUT APPEARS TO BE WILLING TO TRADE SASDATHCEWAN OIL TO EASTERN CANADA AT LESS THAN WORLD PRICES IN RETURN FOR LOWER FREIGHT RATES AND OTHER CONCESSIONS. BRITISH COLUMBIA A GAS PRODUCING AREA, IS MORE INTERESTED IN REGULATIONS THAT MAY APPLY TO THAT PROUDUCT, AND MANITOBA HAS NOT BEEN OVER-ENTHUSIASTIC IN ITS WILLINGNESS TO PRESENT A UNITED WESTERN FRONT AT THE ENERGY CONFERENCE. THE ATLANTIC PROVINCES APPARENTLY WILL ATTEND THE CONFERENCE WITH THE BEST COMMON-FRONT POSITION, ONE WHICH INCLUDES THE PROVISION THAT EASTERN CANADIAN ENERGY COSTS BE SUBSIDIZED, BUT WITH AT LEAST NEWFOUNDLAND EXPRESSING APPRECIATION FOR ALBERTA'S CASE FOR STRONG PROVINCIAL CONTROL OF ENERGY RESOURCES.

5. ALBERTA'S PSYCHOLOGY WILL BE TO ATTEMPT TO WIN ITS POINTS WITHOUT BEING BRANDED AS A GREEDY WESTERN SHEIK. PROVINCIAL REPRESENTATIVES WILL ATTEND THE CONFERNECE EXPECTING THAT MINISTER OF ENERGY MACDONALD WILL TAKE A STRONG AND UNCOMPROMISING FEDERAL POSTION ON THE VARIOUS ENERGY ISSUES COMPRISING THE AGENDA. THEY WILL, HOWEVER, BE WATCHING ONTARIO CLOSELY, INASMUCH AS THAT PROVINCE HAS 37 PERCENT OF THE CANADIAN PEOPLE AND CONSUMES 35 PERCENT OF CANADA'S ENERGY. A MODIFIED STAND BY ONTARIO, OR AT LEAST A SOUND EVIDENCE OF A WILLINGNESS TO NEGOTIATE ON THE PART OF THAT ENERGY-CONSUMING PROVINCE MIGHT PROVIDE THE OPENING FOR THE POST-CONFERENCE IN DEPTH NEGOTIATIONS THAT COULD LEAD THE WAY TO A WORKABLE SOLUTION TO PRESENT FEDERAL-PROVINCIAL DIFFERENCES. ALBERTA OILMEN FEEL THAT THE CONFERENCE MAY NOT RESOLVE THE MAJOR DIFFERENCES IN ENERGY POLICIES BUT MIGHT REDUCE THE RANCO THAT HAS DOMINATED ALBERTA-OTTAWA RELATIONS. FEW EXPECT THAT DECISIONS WILL BE LEFT TO THE COURTS INASMUCH AS ALL PARTICIPANTS RUN THE RISK OF LOSING TOO MUCH UNDER SUCH A PROCEDURE.
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